GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2264
ANSWERED ON:29.07.2016
Service Tax Exemption Limit
Sathyabama Smt. V.

Will the Minister of FINANCE be pleased to state:

(a) whether the Government received any request for the service tax exemption limit to be increased and also for the reduction of service tax on telecom, postage, travels, hotels and insurance;

(b) if so, the details thereof and the response of the Government thereon;

(c) the net loss likely to be incurred to the Central exchequer if this is implemented; and

(d) the steps taken by the Government to implement the reduction of service tax in the absence of GST bill?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SANTOSH KUMAR GANGWAR)

(a) and (b): The Government received requests from various trade associations for increasing the service tax exemption limit and review of service tax rates for certain services. These were examined in detail as part of the Budget 2016-17 exercise. It was, however, not found feasible to accede to the request made for various reasons including the movement towards a common exemption limit for goods and services in the ensuing GST regime.

(c): Any revenue loss would depend upon the quantum of reduction in the rate of service tax.

(d): Rates of tax, including that of service tax, are generally decided at the time of the Budget keeping in view the Government's fiscal position and other macro-economic parameters. Moreover, reduction in service tax rate, without affecting tax GDP ratio, would be possible if services are taxed comprehensively. Towards this end, Government is taking steps to broaden the tax base by pruning the negative list and reviewing the exemptions in every Budget.
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